

be chargeable to fixed property accounts of the Company in accordance with sound accounting practice, including the cost of property or rights acquired for the right of way in, on or under which the Loop Line Project or any portion thereof is to be located;

(b) all costs of labor and services, including services of foremen; inspectors, supervisors, surveyors, engineers, counsel and accountants, performed or rendered in connection with the acquisition or construction and completion of the Loop Line Project and all costs of materials, supplies, machinery, construction equipment and apparatus acquired or used (including rental charges for machinery, equipment or apparatus hired) for or in connection with the construction and completion of the Loop Line Project, whether or not constituting or to constitute a part thereof when completed, and whether or not such costs are charged or chargeable to fixed property accounts of the Company (it being understood in this connection that the Company may take over and utilize in the construction and completion of the Loop Line Project machinery, equipment and apparatus acquired for use in the construction and completion of the New Pipe Line, and in respect of such machinery, equipment, and apparatus so taken over may direct the Corporate Trustee to transfer from the Loop Line Construction Fund and to add to the Pipe Line Construction Fund constituted under Article Six hereof sums equal to the then fair value or depreciated book cost, whichever is the less, of such machinery, equipment or apparatus so taken over); and

(c) all overhead costs applicable to the construction period including, without limiting the generality of the foregoing, taxes, licenses, excises and assessments, surety bond premiums and insurance premiums, whether or not charged or chargeable to fixed property accounts; and interest during construction and that proportion of any discount on bonds or other securities issued to provide funds for the acquisition or construction and completion of the Loop Line Project properly chargeable to the account of interest during construction in accordance with sound accounting practice.

The Company covenants that it will deposit with the Corporate Trustee as part of the Loop Line Construction Fund, in addition to